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SENATOR BROMM: Then I...I don't know if this will be yours or Senator Beutler, but I'm familiar with the 1031 exchanges he's speaking of, but I didn't follow why this wouldn't have any impact on protecting the settlement proceeds from being stolen or taken by the title company, if they're acting as the escrow agent. I didn't understand why this would not provide protection for that.

SENATOR LANDIS: The reason is this is in the situation where you've got that closing, where you're selling a piece of property and it's moving from one party to another. In the 1031 situation, somebody sells and then the practice is to hold that money for six months while there is a second sale...a second purchase, rather. And although you could have a first closing, you would be...in that situation, you would be the seller, not the buyer, so you're not being protected in that sense, and then your proceeds is held for six months and then you may have a completely different real estate agent wind up being the agent who winds...who does the next purchase for you. The intervening six months is spent with a qualified intervener, it's called, and it is not a closing because there...in a sense, there are two transactions going on, and the critical transaction is the holding of the money from the first sale to the second sale. This will not cover that because when we talk about a closing or settlement protection, the 1031 situation is the subsequent holding of the proceeds.

SENATOR BROMM: But it's not uncommon for the closing to be handled by the title insurance company and for them to continue to hold the proceeds pending that future exchange as a qualified intermediary. And if they do that, then I don't understand why this wouldn't apply.

SENATOR LANDIS: My best guess is because the first closing is completed. That function is over.

SENATOR BROMM: But it talks about theft of settlement funds and those settlement funds are being held by that same party that handled the settlement, and I don't see a time limit on there as to when that coverage ceases. So I can see where if the funds